

**Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.**

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

*As Engrossed: H3/14/01*

# A Bill

HOUSE BILL 1252

5 By: Representative R. Smith  
6  
7

## **For An Act To Be Entitled**

9 AN ACT TO AMEND ARKANSAS CODE 24-10-602 TO  
10 EXTEND THE LOCAL POLICE AND FIRE RETIREMENT  
11 SYSTEM (LOPFI) TEMPORARY ANNUITY BENEFIT UNTIL  
12 THE AGE THAT UNREDUCED SOCIAL SECURITY BENEFITS  
13 ARE PAID; TO DECLARE AN EMERGENCY; AND FOR OTHER  
14 PURPOSES.

## **Subtitle**

16 TO EXTEND THE LOPFI TEMPORARY ANNUITY  
17 BENEFIT UNTIL THE AGE THAT UNREDUCED  
18 SOCIAL SECURITY BENEFITS ARE PAID.  
19  
20  
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
23

24 SECTION 1. Arkansas Code 24-10-602 is amended to read as follows:  
25 24-10-602. Annuity generally.

26 (a) Upon a member's retirement, he shall receive an annuity for life in  
27 accordance with the applicable benefit program elected by his employer, as  
28 follows:

29 (1) Benefit program 1. (A)(i) For each year of paid service  
30 resulting from employment in a position not also covered by social security,  
31 two and one tenth percent (2.1%) of his final average pay; plus

32 (ii) For each year of paid service resulting from  
33 employment in a position also covered by social security, one and one tenth  
34 percent (1.1%) of his final average pay.

35 (B)(i) In addition, if the member is retiring as provided  
36 in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, and if the member's

1 age at retirement is less than social security's minimum age for an immediate  
 2 unreduced retirement benefit ~~and age sixty two (62) years~~, then the member  
 3 shall receive a temporary annuity equal to one percent (1%) of his final  
 4 average pay for each year of paid service resulting from employment in a  
 5 position also covered by social security. The provisions of this section that  
 6 allow a member who retires as provided in § 24-10-607, whose employment was  
 7 also covered by social security, and who is thereby eligible for a temporary  
 8 annuity, shall be applied retroactively to all persons who retired under those  
 9 circumstances on or after October 1, 1989.

10 (ii) The temporary annuity shall terminate at the end  
 11 of the calendar month in which the ~~earliest~~ earlier of the following events  
 12 occurs:

13 (a) The member's death; or

14 (b) His attainment of ~~the social security~~

15 social security's minimum age for an unreduced retirement benefit; ~~or~~

16 ~~(c) His attainment of age sixty two (62) years.~~

17 (iii) As a condition of awarding the temporary  
 18 annuity for members retiring under § 24-10-607, the board shall require the  
 19 disabled member to file any and all appropriate forms and pleadings with the  
 20 Social Security Administration and pursue through the administrative process a  
 21 disability determination. The board shall condition the payment of the  
 22 temporary annuity that, in the event the disabled member is awarded disability  
 23 benefits under the federal Social Security Act, the temporary annuity shall  
 24 terminate.

25 (2) Benefit Program 2. (A)(i) For each year of paid service  
 26 resulting from employment in a position not also covered by social security,  
 27 three percent (3%) of his final average pay; plus

28 (ii) For each year of paid service rendered on or  
 29 after the election date of Benefit Program 2 and resulting from employment in  
 30 a position also covered by social security, two percent (2%) of his final  
 31 average pay.

32 (B) For each year of paid service rendered before the  
 33 election date of Benefit Program 2 and resulting from employment in a position  
 34 also covered by social security, one percent (1%) of his final average pay.

35 (C)(i) In addition, if the member is retiring as provided  
 36 in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, and if the member's

1 age at retirement is less than social security's minimum age for an immediate  
 2 unreduced retirement benefit ~~and age sixty two (62) years~~, then the member  
 3 shall receive a temporary annuity equal to one percent (1%) of his final  
 4 average pay for each year of paid service rendered before the election date of  
 5 Benefit Program 2 and resulting from employment in a position also covered by  
 6 social security. The provisions of this section that allow a member who  
 7 retires as provided in § 24-10-607, whose employment was also covered by  
 8 social security, and who is thereby eligible for a temporary annuity, shall be  
 9 applied retroactively to all persons who retired under those circumstances on  
 10 or after October 1, 1989.

11 (ii) The temporary annuity shall terminate at the end  
 12 of the calendar month in which the ~~earliest~~ earlier of the following events  
 13 occurs:

14 (a) The member's death; or

15 (b) His attainment of ~~the social security~~

16 social security's minimum age for an immediate unreduced retirement benefit;

17 ~~or~~

18 ~~(c) His attainment of age sixty two (62) years.~~

19 (iii) As a condition of awarding the temporary  
 20 annuity for members retiring under § 24-10-607, the board shall require the  
 21 disabled member to file any and all appropriate forms and pleadings with the  
 22 Social Security Administration and pursue through the administrative process a  
 23 disability determination. The board shall condition the payment of the  
 24 temporary annuity that, in the event the disabled member is awarded disability  
 25 benefits under the federal Social Security Act, the temporary annuity shall  
 26 terminate.

27 (D) A member who has paid service rendered before the  
 28 election date of Benefit Program 2 resulting from employment in a position  
 29 also covered by social security may have the paid service treated as though  
 30 the paid service had been rendered after the election date of Benefit Program  
 31 2 by paying to the system, by a single contribution or by an increased rate of  
 32 contributions, as approved by the board, the amounts which the member would  
 33 have contributed under § 24-10-404 if the paid service had resulted from  
 34 employment in a position not also covered by social security, together with  
 35 regular interest to the date of payment;

36 (3) As used in subdivisions (a)(1) and (a)(2) of this section,

1 social security's minimum age for an immediate unreduced retirement benefit  
 2 means one of the following:

3 (A) If the member is retiring as provided in § 24-10-607  
 4 and is in receipt of a disability benefit under the federal Social Security  
 5 Act, the age when the social security disability benefit becomes effective; or

6 (B) If the member's retirement is effective before July 1,  
 7 2001 as provided in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, age  
 8 sixty-two (62) years; or

9 (C) If the member's retirement is effective on or after  
 10 July 1, 2001 as provided in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-  
 11 607, the minimum age for the member's receipt of an immediate unreduced social  
 12 security old age benefit.

13 ~~(3)(4)~~ In no event shall the total of the amounts computed  
 14 pursuant to subdivisions (a)(1) and (a)(2) of this section exceed at the time  
 15 of retirement eighty percent (80%) of the final average pay plus the amounts  
 16 provided in subdivision ~~(a)(4)~~ (a)(5) of this section for volunteer service;

17 ~~(4)(5)~~(A) For retirements effective before July 1, 1991, annuity  
 18 amounts based upon volunteer service shall be in accordance with system  
 19 provisions in force before July 1, 1991.

20 (B)(i) For retirements effective July 1, 1991, and the  
 21 twelve (12) calendar months thereafter, the monthly annuity amount for each  
 22 year of volunteer service shall be three dollars (\$3.00), to a maximum of one  
 23 hundred twenty dollars (\$120) monthly for all volunteer service.

24 (ii) For retirements effective in the twelve (12)  
 25 calendar months beginning July 1 thereafter, the monthly annuity amount for  
 26 each year of volunteer service shall be three dollars (\$3.00), increased by  
 27 any percentage increase in the inflation index for the period from December  
 28 1990 to the December immediately preceding the July 1, to a maximum for all  
 29 volunteer service of one hundred twenty dollars (\$120) monthly, similarly  
 30 increased by any percentage increase in the inflation index.

31 (b) If each portion of a member's credited service is not covered by  
 32 the same benefit program, then his total annuity for life shall be the total  
 33 of the annuity for life determined under each applicable benefit program.

34 (c) Each employer shall have the credited service of each of its  
 35 members covered by Benefit Program 1 as provided for in this section, unless  
 36 such employer shall have elected another benefit program provided for in this

1 section.

2 (d)(1) By majority vote of its governing body, each political  
3 subdivision may elect from time to time to cover its members who retire in the  
4 future under one (1) of the benefit programs provided for in this section.

5 (2) The clerk or secretary of the governing body of the political  
6 subdivision shall certify, in a manner and form acceptable to the board, the  
7 election of the benefit program to the board within ten (10) days of the vote.

8 (3) The effective date of the political subdivision's benefit  
9 program is the first day of the calendar month specified by such governing  
10 body, the first day of the calendar month next following receipt by the board  
11 of the certification of election of benefit program, or the effective date of  
12 the political subdivision's becoming an employer, whichever is the latest  
13 date.

14 (4) Such election of benefit program may be changed from time to  
15 time by such vote, but not more often than biennially.

16 (5) If the changed benefit program provides smaller annuities for  
17 life than the benefit program previously in effect, then the changed benefit  
18 program shall be applicable only to credited service for employment rendered  
19 from and after the effective date of the change.

20 (e) Should an employer change its election of benefit program as  
21 provided in this section, the employer contributions shall be correspondingly  
22 changed effective the same date as the benefit program change.

23 (f) The limitation on increases in an employer's contribution provided  
24 by § 24-10-405(h) shall not apply to any contribution increase resulting from  
25 an employer's electing a benefit program which provides larger annuities, and  
26 shall not apply to any contribution increase resulting from the extension of  
27 the payment period for the temporary benefit applicable to retirements on or  
28 after July 1, 2001 as provided in subdivisions (a)(1), (a)(2), and (a)(3) of  
29 this section.

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31 SECTION 2. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO  
32 CODIFY THIS SECTION.] No benefit enhancement provided for by this act shall  
33 be implemented if it would cause the publicly supported retirement system's  
34 unfunded actuarial accrued liabilities to exceed a thirty (30) year  
35 amortization. No benefit enhancement provided for by this act shall be  
36 implemented by any publicly supported system which has unfunded actuarial

1 accrued liabilities being amortized over a period exceeding thirty (30) years  
2 until the unfunded actuarial accrued liability is reduced to a level less than  
3 the standards prescribed by Arkansas Code, Title 24.

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5 SECTION 3. Emergency Clause. It is found and determined by the Eighty-  
6 third General Assembly of the State of Arkansas that an earlier cutoff of the  
7 temporary annuities provided for by the Local Police and Fire Retirement  
8 System can force a retiree to take an earlier Social Security retirement  
9 benefit than they would otherwise choose; that extending these annuities until  
10 a later age will give more flexibility to the police officers and fire  
11 fighters to plan the age at which they wish to retire; and that the most  
12 administratively efficient time to make changes to retirement system laws is  
13 with the beginning of the state's fiscal year. Therefore an emergency is  
14 declared to exist and this act being immediately necessary for the  
15 preservation of the public peace, health and safety shall become effective on  
16 July 1, 2001.

17 */s/ R. Smith*